

1 issue of how far that should be extended to other
2 carriers.

3 MR. EDWARDS: Cox has made the decision
4 that that deployment can result in an efficient
5 network from its point of view; correct?

6 DR. COLLINS: Not at the outset. If it
7 were going to be a efficient network as far as Cox
8 is concerned, the level should be 10 DS1s. We have
9 gone to three as I pointed out in response to
10 Ms. Farroba's question. We have gone to three in
11 the hopes that that would engender no argument at
12 all, no difference of opinion.

13 MR. EDWARDS: Mr. Greco or Mr. Ball, let
14 me ask you to look at page 11 of your nonmediation
15 rebuttal, which is Exhibit 15.

16 MS. FARROBA: Could I ask just for
17 purposes of the record, and we have all been doing
18 this, when we refer to exhibits and just say
19 Exhibit 1 or whatever, from now on could we just
20 say WorldCom Exhibit 1 or AT&T Exhibit 1, et
21 cetera?

22 MR. EDWARDS: Yes, ma'am.

1 I'm referring to WorldCom Exhibit 15, are
2 you there, sir? Line 17.

3 Your testimony here confuses me a little
4 bit. You seem to be saying here that it's
5 WorldCom's position that a single point of
6 interconnection should be established within the
7 Verizon local calling area to take advantage of
8 modern transport efficiencies.

9 Do you see that?

10 MR. BALL: Yes.

11 MR. EDWARDS: Is there a distinction in
12 your testimony between--let me ask you this way:
13 Are you using the term local calling area and LATA
14 synonymously?

15 MR. BALL: I believe that's a mistake. It
16 should say LATA.

17 MR. GRIECO: No, it's saying that we
18 should be able to establish a single point of
19 interconnection versus multiple IPs within Verizon
20 local calling areas. So, it should be a single POI
21 per LATA--

22 MS. PREISS: Excuse me, I'm sorry. What

1 page are you on on WorldCom Exhibit 15?

2 MR. GRIECO: Page 11, line 17.

3 MS. PREISS: Sorry for the interruption.

4 MR. GRIECO: It's essentially saying we
5 should have a single point of interconnection with
6 a LATA as opposed to multiple IPs per local calling
7 area.

8 MR. BALL: So, if you added term "per
9 LATA" after the word "interconnection," so it's
10 drawing a distinction between single point of
11 interconnection versus Verizon's proposal.

12 MR. EDWARDS: Mr. Talbott, you still have
13 the JDPL, sir?

14 MR. TALBOTT: Yes, I do.

15 MR. EDWARDS: Would you look at page five
16 for a minute.

17 MR. TALBOTT: Okay. Go ahead.

18 MR. EDWARDS: In this contract language
19 here, if you turn back to page four, you reference
20 interconnection architecture, and I believe in 1.2
21 you're talking about interconnection through
22 dedicated transport; is that correct?

1 MR. TALBOTT: That's one of the methods
2 AT&T is specifying should be at its use to
3 interconnect to Verizon.

4 MR. EDWARDS: And is it all also one of
5 AT&T's specified methods exchange access as
6 reflected in 1.3?

7 MR. TALBOTT: Yes. That should be
8 available also.

9 MR. EDWARDS: And under what circumstances
10 should AT&T use exchange access to interconnect?

11 MR. TALBOTT: When it's less than UNEs.

12 MR. EDWARDS: Do you know when that might
13 occur?

14 MR. TALBOTT: When the Commission orders
15 it.

16 MR. EDWARDS: Had there been instances
17 where that, in fact, has occurred previously?

18 MR. TALBOTT: Yes, there are some states
19 where access rates are less than UNE rates.

20 MR. EDWARDS: So whichever method produces
21 the least cost to AT&T, it's strictly a matter of
22 cost, no other factor, that's what would determine

1 the manner of interconnection?

2 MR. TALBOTT: None I could think of off
3 the top of my head. It's a cost inefficiency
4 issue.

5 MR. EDWARDS: Let's go to issue I-2 for a
6 minute.

7 Dr. Collins, would you look for a minute
8 at your rebuttal testimony. That's Cox Exhibit 2,
9 page 13.

10 DR. COLLINS: I have it.

11 MR. EDWARDS: I alluded to this issue
12 earlier, Dr. Cox.

13 Am I correct--I mean, Dr. Collins, I'm
14 sorry. There is a disagreement between Verizon and
15 Cox regarding, I guess, how deep into the Cox
16 network it will allow Verizon to construct its own
17 facilities; correct? Or its own transport.

18 DR. COLLINS: There appears to be a
19 difference of opinion, yes.

20 MR. EDWARDS: And Verizon would like the
21 option to construct its own transport to the Cox
22 switch; is that correct?

1 DR. COLLINS: I'll accept that as
2 Verizon's position.

3 MR. EDWARDS: And Cox's position is that
4 Verizon should only be able to construct its own
5 transport to the entrance facility; is that
6 correct?

7 DR. COLLINS: Cox's position is that
8 Verizon can join with Cox in having a joint fiber
9 meet, which is the same as the mid-span meet you
10 just mentioned, but I think perhaps with a little
11 better description.

12 Such interconnection has been done in the
13 past, for the past four years or so Cox and Verizon
14 have been doing business together.

15 Or Verizon can construct its own
16 facilities through the closest wire center, which
17 Cox has been able to determine to the extent that
18 term determination is correct, is four miles or
19 less away.

20 And then from there, take a Cox--use Cox
21 facilities and unfortunately in a tariff we call a
22 mentions facilities which includes a

1 mileage-sensitive rate as well as a flat rate, both
2 of those costs of due to the facility charge. I
3 say unfortunate in that the term of art that Cox
4 uses entrance facility is the same that Verizon has
5 chosen, and I described it before with a capital E
6 and capital F, which is your flat rate of facility
7 probably from the nearest manhole in into your
8 central offices.

9 So, Cox facility is mileage-sensitive plus
10 termination flat rated, and we would carry the
11 traffic that four files or less using those
12 facilities for you into the central office, which
13 brings up another one of the issues of co-location
14 issues, but that is Cox's position at the present
15 time and has been during the negotiation.

16 MR. EDWARDS: And this dispute really
17 becomes moot if there is a mid-span fiber meet or
18 joint fiber meet?

19 DR. COLLINS: I believe as far as Cox is
20 concerned, it would go away. I presume it would go
21 away as far as you're concerned also, but I don't
22 know.

1 MR. EDWARDS: But if that's not--if there
2 is not a joint fiber meet, is that the term you
3 wanted to use joint fiber meet?

4 DR. COLLINS: If you don't mind.

5 MR. EDWARDS: That's fine, joint fiber
6 meet. If there is not a joint fiber meet, then
7 from what Cox determines to be the entrance
8 facility to the termination point, Verizon has no
9 option other than to purchase distance-sensitive
10 transport from Cox; is that correct?

11 DR. COLLINS: Yes, that's correct, and
12 Verizon can purchase those facilities at the same
13 rate that Cox would charge any other carriers.
14 It's a tariff rate.

15 MS. DAILEY: Is that pursuant to a
16 transfer filed with the Virginia Commission?

17 DR. COLLINS: Yes.

18 MR. EDWARDS: Let's move to issue I-3 that
19 Dr. Collins--

20 MS. PREISS: Could I interrupt for a
21 second before we move on. What is Cox's objection
22 to Verizon building its own transport facilities to

1 Cox's switch?

2 DR. COLLINS: In order to terminate those
3 facilities, Verizon would have to co-locate in
4 Cox's central office, and Cox is not under any
5 obligation to provide co-location facilities to
6 Verizon. And as we have negotiated the new
7 contract, that has been our position. Those
8 co-location facilities are not offered to Verizon
9 inside the office.

10 MS. PREISS: Under Cox's current contract
11 with Verizon, is your position in this arbitration
12 reflect the current contractual arrangements with
13 Verizon?

14 DR. COLLINS: The end result-- the answer
15 to that is the end result of utilization of the
16 existing contracts, there is no difference between
17 those two positions. That is, the existing
18 contract is a result of negotiation and a concern
19 that Bell Atlantic had when its back negotiated
20 some years ago about some co-locating in Cox's
21 office. In order to mitigate that concern and in
22 the spirit of compromise, Cox said, well, how about

1 if we say this: If Cox provides co-location to any
2 other carrier, then we will provide it to you too
3 under the same terms and conditions. And that's
4 what's in the existing contract.

5 To the extent Cox does not provide it to
6 another carrier, then it is not under any
7 obligation to provide it to them, Bell Atlantic now
8 Verizon. And Verizon has never requested as to
9 whether or not Cox information--show whether Cox
10 has provided to another carrier. It seems to me it
11 has no interest up to the present time. So in the
12 new contract it cleared that matter up, and Cox has
13 no intention presently; it's not part of its
14 business plan to provide such co-location for the
15 purpose of interchanging traffic. I should say to
16 be complete and fully informative that we do have
17 co-location by other carriers, but not for traffic
18 exchange. It's for entirely different, different
19 purposes, and Cox has no intention to use it to
20 allow co-location for traffic exchange to any
21 third-party carriers.

22 Therefore, in order to clean up the

1 agreement and to solve any future problem that may
2 occur from it, we adopted the position for this
3 agreement that we will not offer it.

4 MS. PREISS: Okay, maybe my confusion is a
5 technical problem. Why--and I will just apologize
6 for my ignorance--why can't Verizon bring fiber up
7 to some, and I don't know the technical word for
8 it, some drop or something outside of your switch
9 and you would bring--you would pick up that cable
10 and bring it into your switch?

11 DR. COLLINS: Well, they can, and so the
12 next question is what is the most convenient and
13 technically feasible place to do that. And as far
14 as Fox knows, the answer to that is at the closest
15 Verizon wire center to Cox's switch, and that's
16 what we've offered. That is the point where we
17 provide that facility.

18 MS. PREISS: Okay. Convenient to whom?

19 DR. COLLINS: Well, we hoped it was
20 mutually convenient.

21 MS. PREISS: Okay.

22 DR. COLLINS: I mean, we didn't pick it

1 because it just happened to be convenient to Cox.
2 We picked it because it was a feasible
3 interconnection point, and we hoped it would be
4 mutually convenient because Verizon could then use
5 existing facilities that had excess capacity to get
6 there, to use channels, virtual channels that you
7 wouldn't in existing carrier systems that exist
8 between the central and the wire centers and we
9 hoped that it would be convenient for them to do
10 it. At least so far in the negotiation it doesn't
11 seem to be coming together the minds on that issue.
12 So we again say well, let's do a joint fiber meet
13 then and solve the problem that way, and that gives
14 you two alternatives. We think a choice of those
15 two is reasonable, and that's where it sits.

16 MS. DAILEY: Is it your position that the
17 distance-sensitive entrance facility rate would
18 never exceed a 4-mile distance charge?

19 DR. COLLINS: As far as we've been able to
20 determine, under Cox's current network layout and
21 architecture, it is less than 4 miles. We would
22 not expect that to change, although we don't know.

1 As an example, it may be more convenient
2 for Verizon to bring its facilities not to the
3 nearest wire center, but some other one, and we
4 would honor that request, and we would then offer
5 them to provide the same small E and small F to
6 differentiate from their tariff service, entrance
7 facility package to go from the not closest wire
8 center.

9 So wherever they want to get to, we're
10 willing to work with them to carry the traffic from
11 that point to our facility. We think it makes more
12 sense to go to the closest wire center. To the
13 extent it doesn't, we're willing to accommodate
14 that too.

15 MR. EDWARDS: Dr. Collins, you recognize,
16 I take it, that Cox has the same duty to
17 interconnect under the Act that Verizon does; is
18 that correct?

19 DR. COLLINS: It has the duty to
20 interconnect under the Act, that's correct.

21 MR. EDWARDS: Are you familiar with the
22 concept manhole one or manhole zero? Have you

1 heard either of those terms?

2 DR. COLLINS: Yes.

3 MR. EDWARDS: You understand that to be
4 the first manhole outside of a central office or
5 facility?

6 DR. COLLINS: That's how they are usually
7 designated, yes.

8 MR. EDWARDS: And I assume Cox, for its
9 facilities, has first manhole outside that
10 facility; correct?

11 DR. COLLINS: I guess--I don't guess. I
12 can't answer that question of my own knowledge. I
13 have not gotten down to that level of detail in the
14 Cox implementation of its network. I just don't
15 know.

16 MR. EDWARDS: All right. Do you know that
17 when Cox or another CLEC wants to interconnect with
18 the Verizon network, it's certainly not limited to
19 doing so at the Cox or CLEC wire center or facility
20 outside the Verizon wire center or point of
21 interconnection?

22 DR. COLLINS: Once again, please repeat

1 the question.

2 MR. EDWARDS: Do you understand that when
3 Cox or another CLEC interconnects with Verizon, and
4 they want to do so at the location of the switch,
5 for example?

6 DR. COLLINS: Interconnect at Verizon
7 switch?

8 MR. EDWARDS: Right.

9 DR. COLLINS: Yes.

10 MR. EDWARDS: They could bring their
11 facilities directly to the switch; is that correct?

12 DR. COLLINS: Under the requirements for
13 co-location provided by the Act--yes, as provided
14 by the '96 Act and the FCC's regulations, rules,
15 yes, I do know that's true.

16 MR. EDWARDS: Mr. Nurse.

17 MR. NURSE: Good morning.

18 MR. EDWARDS: Good morning, sir.

19 In your AT&T Exhibit 5--

20 MR. HARRINGTON: Which issue are we on
21 now?

22 MR. EDWARDS: 1.3.

1 MR. NURSE: I'm not sure my testimony is
2 marked by exhibit number.

3 MR. EDWARDS: This is your direct
4 testimony on nonmediated issues. It's your
5 testimony that addresses 1.3.

6 MR. NURSE: Yes.

7 MR. EDWARDS: Page 23. That may not be
8 correct. The hole punch again. It's actually page
9 two and three. You with me? This is where you
10 address issue 1.3.

11 And you state AT&T's position is that it
12 does not allow Verizon to co-locate under the Act
13 in its facilities; is that correct?

14 MR. NURSE: You have my direct testimony?
15 Do you have a line number?

16 MR. EDWARDS: Line 20 and 21.

17 MR. NURSE: Okay. Go ahead.

18 MR. EDWARDS: My question is, AT&T's
19 position is it will not allow Verizon to co-locate
20 in AT&T facilities under the Telecom Act.

21 MR. NURSE: No, that's not what it says.
22 It says that AT&T as a competitive LEC, just a LEC,

1 not an incumbent LEC, is not obligated to offer
2 Verizon co-location under 251 C6.

3 MR. EDWARDS: Does AT&T offer Verizon
4 co-location?

5 MR. NURSE: Well, it depends what you mean
6 by--

7 MR. EDWARDS: Co-location as used in the
8 Telecom Act.

9 MR. NURSE: Not co-location as used in 251
10 C6, no.

11 MR. EDWARDS: AT&T instead, if I
12 understand your testimony, is willing to offer a
13 space license?

14 MR. NURSE: Yes. More than offer,
15 AT&T--Verizon has their facilities in some of our
16 locations, so it's not a hypothetical. We have two
17 things. One is we have your hardware in some of
18 our locations, and your personnel come into our
19 locations to work on that hardware, and we have
20 also entered a space license agreement for to you
21 do that.

22 MR. EDWARDS: And do these space license

1 agreements tend to be for set periods of time?

2 MR. NURSE: I would think so. They're
3 typically probably contract terms.

4 MR. EDWARDS: They're like a lease; right?

5 MR. NURSE: Yeah, they're contract terms,
6 and then they will have whatever their renewal
7 provision is.

8 MR. EDWARDS: When AT&T co-locates in a
9 Verizon facility, it's not committed to be there
10 for any specific time; correct?

11 MR. NURSE: AT&T co-locates under various
12 Verizon tariffs, and so it's subject to the terms
13 of those tariffs.

14 MR. EDWARDS: Do you know of any tariff
15 filed by Verizon in any state that requires
16 co-location for a specific period of time?

17 MR. NURSE: Yes, I believe they're month
18 to month.

19 MR. EDWARDS: They could be terminated at
20 a 30-day notice then; correct?

21 MR. NURSE: No, I believe the termination
22 period is longer than that, but I believe the

1 minimum occupancy is a month, but they also have a
2 very high fixed cost to get in. I believe the FCC
3 tariff is in the neighborhood of \$47,000 for a
4 hundred square feet, so it would be pretty
5 irrational to foot \$47,000 plus the application
6 fee, move in and then check out. That would be a
7 pretty expensive proposition.

8 MR. EDWARDS: Do the space licenses that
9 you're--you're familiar with the terms of space
10 licenses?

11 MR. NURSE: I haven't read the entire
12 contract.

13 MR. EDWARDS: Do you know whether a space
14 license provides for termination liability?

15 MR. NURSE: No, I don't. But I'm sure
16 that the terms in the agreement must have been
17 agreeable to Verizon because Verizon entered into
18 the agreement. So I'm sure you all read the
19 agreement, you know, and weighed all the terms, and
20 you entered into the contract, so it must have been
21 agreeable to you.

22 MR. EDWARDS: Do you know whether the

1 price terms contained in these space licenses are
2 at TELRIC rates, or are they at market negotiated
3 rates, or do you know?

4 MR. NURSE: The contract--we would not
5 have been obligated to have done a TELRIC study, so
6 I don't know that--when you say TELRIC rates, you
7 are talking about Verizon's TELRIC rates. So that
8 doesn't apply. But I don't believe AT&T has done,
9 and it's not obligated to do a TELRIC study.

10 MR. EDWARDS: Dr. Collins, if you'd look
11 at your direct testimony, which is Cox Exhibit 1,
12 page 13.

13 DR. COLLINS: I have it.

14 MR. EDWARDS: Look at the sentence that
15 begins on the bottom of page 23 and goes over to
16 the top of page--I'm sorry, the sentence that
17 begins on line 23 on page 13 and goes over to the
18 top of page 14.

19 This also addresses issue I-3, and there
20 you said that if Cox had the obligation to provide
21 co-location, it would have to change the design of
22 its switch locations, including the size of the

1 facilities required to accommodate equipment needed
2 by co-locating ILECs.

3 Do you see that?

4 DR. COLLINS: I do see it, yes.

5 MR. EDWARDS: What's the basis for that
6 statement, Dr. Collins?

7 DR. COLLINS: If Cox is required to
8 provide co-location to other carriers, then in
9 planning expansions of its network, from the point
10 of view of capital investment and buildings which
11 would house these switches, Cox would not only have
12 to accommodate its own vision of what the switch
13 floor space power, et cetera, would be required,
14 but would also have to estimate future demands for
15 co-location then add that future need for
16 co-location space to existing plan design in
17 addition to providing either directly or
18 opportunities for easy expansion of its powering
19 facilities, its alarm facilities, air conditioning,
20 cooling, and what have you.

21 To the extent that Cox is not obligated to
22 take these somewhat unknown variables into

1 consideration, the design of its facility based on
2 its own needs and its own ability to forecast those
3 needs because of its internal knowledge, is just a
4 lot easier.

5 MR. EDWARDS: But all of those factors are
6 exactly what Cox would expect Verizon to do in its
7 own planning; correct?

8 DR. COLLINS: Well, first of all, the
9 answer to that is yes. Cox would expect Verizon to
10 do that, but that is not the entire answer. The
11 answer more fully is what leads Cox to the position
12 of having that expectation, and the answer to that
13 is it's not something that Cox has done, but is
14 something that the Congress has done. It's the
15 law. You are required to do it. Cox has the
16 expectation because that's the law, just as prior
17 to the '96 Act, Cox, although a large cable company
18 across the United States and wanting to expand its
19 business base, couldn't go into the
20 telecommunications business because you had the
21 lock on the marketplace. Cox didn't like it, but
22 it was the law.

1 So, you had an expectation that Cox would
2 not meet you in competition, nor would AT&T and
3 WorldCom, and your expectation was based on a lot.
4 Cox's expectation now with respect to co-location
5 is based on a different one.

6 MR. EDWARDS: Let me ask you, Dr. Collins,
7 to look at your rebuttal testimony, Cox Exhibit 2,
8 which I think is what we are looking at, page 17.

9 I'm not sure you need a specific
10 reference. Am I correct that your testimony
11 addresses the joint fiber meet form of
12 interconnection as at least one of the
13 justifications for why Cox believes Verizon ought
14 not have the right to co-locate in Cox's
15 facilities?

16 DR. COLLINS: No, that's not a proper
17 characterization.

18 MR. EDWARDS: I apologize then. Can you
19 correct my characterization.

20 DR. COLLINS: Yes. The proper
21 characterization is that Cox does not offer
22 co-location to Verizon because of the reasons that

1 we covered before. Neither under the first
2 agreement, that is, the existing agreement, nor
3 under Cox's version of the agreement, which is here
4 for arbitration.

5 That brings up the question of, well, what
6 can be used in the alternative, and this discussion
7 about shared fiber meets is to provide one of the
8 alternative interconnection vehicles that exists.

9 MR. EDWARDS: All right. And it's Cox's
10 position in this proceeding the shared fiber meet
11 form of interconnection should be done pursuant
12 mutual agreement between Cox and Verizon? I could
13 refer you to footnote 15. Actually, that footnote
14 is in your rebuttal testimony, Exhibit 2.

15 DR. COLLINS: That's fine. The answer to
16 the question is yes.

17 MR. EDWARDS: And that's the agreement
18 that Cox and Verizon have reached, that the shared
19 or joint fiber meet point form of interconnection
20 should be done pursuant to mutual agreement.

21 DR. COLLINS: That has been the case so
22 far, yes.

1 MR. EDWARDS: Now, Mr. Talbott,
2 Mr. Schell, it's AT&T's position correct that AT&T
3 should have the sole option to use that form of
4 interconnection and it ought not to be pursuant to
5 mutual agreement; correct?

6 MR. TALBOTT: That's correct. AT&T should
7 have the right to designate where and when mid-span
8 fiber meets would be used to interconnect.

9 MR. EDWARDS: And under AT&T's proposal,
10 AT&T designates not only the method, but also where
11 the splice point will be located; is that correct?

12 MR. TALBOTT: AT&T would be able to
13 specify the terminal locations, the end points of
14 the mid-span system, and where the splice point
15 should be.

16 MR. EDWARDS: And, Mr. Greco or Mr. Ball,
17 WorldCom's position is consistent with AT&T's on
18 that; correct?

19 MR. GRIECO: Yes.

20 MR. EDWARDS: Mr. Talbott, would you agree
21 with me if AT&T or WorldCom can choose unilaterally
22 the method of interconnection as well as its

1 location, that necessarily means that AT&T or
2 WorldCom is dictating to Verizon that it must
3 construct new facilities and where it must
4 construct them?

5 MR. TALBOTT: Yes. And the FCC has said
6 in the local competition order that it will require
7 ILECs to do that as an accommodation to
8 interconnection. A "reasonable accommodation," I
9 think, is the word.

10 MR. EDWARDS: Is it AT&T's belief that not
11 only Verizon has to provide interconnection at any
12 technically feasible point, Verizon must also
13 construct the technically feasible points for the
14 interconnection?

15 MR. TALBOTT: Yes, but only up to one half
16 of the expense. So if the splice point designated
17 by AT&T would require for Verizon to provide more
18 than one half of the system, AT&T would bear one
19 half of the costs so that Verizon would be
20 reimbursed.

21 And I think based on AT&T's bearing half
22 the cost, it's in AT&T's interest to designate a

1 system that's efficient for both parties.

2 Otherwise, we would be increasing our own costs in
3 the system which, of course, would not be in AT&T's
4 interest to do.

5 MR. EDWARDS: All right. Is it
6 reasonable, when looking at costs with respect to
7 the fiber meet point that--is it helpful
8 analytically to divide those costs into the costs
9 to build and interconnect the facilities on the one
10 hand and the costs to maintain the facilities on
11 the other hand?

12 MR. TALBOTT: I hadn't considered that to
13 be the cost of construction.

14 MR. EDWARDS: All right. So, your
15 testimony that you just gave, then, is related only
16 to the costs of construction?

17 MR. TALBOTT: Yes, sir.

18 MR. EDWARDS: And that's as far as AT&T's
19 position goes with respect to the cost-sharing
20 mechanism you just articulated?

21 MR. TALBOTT: Like I said, I hadn't
22 considered maintenance in that. I could go back

1 and review the language, but I don't recall there
2 being maintenance costs to be shared. Each party
3 would maintain their own facilities.

4 MR. EDWARDS: All right. Now, with
5 respect to who pays the build--who pays the
6 buildout cost, I want to make sure I understand
7 what you said, and let me give you a simple
8 hypothetical.

9 If the buildout costs totaled--let me ask
10 a prefatory question. When we are talking about
11 buildout costs, what are we talking about? What
12 elements are we talking about?

13 MR. TALBOTT: Talking about the cost of
14 the fiber-optic terminal equipment, and the
15 fiber-optic cable, and the cross-connections.

16 MR. EDWARDS: So, it includes the
17 fiber-optic terminal equipment located in the
18 Verizon facility?

19 MR. TALBOTT: Yes, sir.

20 MR. EDWARDS: And whatever the terminating
21 equipment is in the AT&T facility?

22 MR. TALBOTT: Yes, sir.

1 MR. EDWARDS: And then the stuff to get
2 from the equipment in each facility to some meet
3 point; is that correct?

4 MR. TALBOTT: The fiber strands.

5 MR. EDWARDS: The fiber strands.

6 MR. TALBOTT: And whatever it takes to
7 splice the fiber together and to cross-connect that
8 into the equipment.

9 MR. EDWARDS: All right. Now, if those
10 costs are a total of a thousand dollars, and when
11 the construction is ongoing Verizon incurs \$700,
12 and AT&T incurs \$300 under AT&T's proposal, there's
13 a true-up at the end, and each side pays \$500?

14 MR. TALBOTT: That's correct.

15 MR. EDWARDS: Does the AT&T language
16 provide an audit mechanism for either party with
17 respect to costs incurred?

18 MR. TALBOTT: I don't recall that.

19 MR. EDWARDS: Does it provide for any
20 process or procedure to do this true-up?

21 MR. TALBOTT: I didn't believe the
22 contract went to that specificity.

1 MR. EDWARDS: Now, WorldCom, on this
2 issue, let me ask to you look at WorldCom Exhibit
3 3, page 64.

4 MS. KELLEY: And for the witnesses who
5 don't do this by exhibit number, it's your direct
6 testimony of July 31st.

7 MR. EDWARDS: On 64, lines 17 to 19, you
8 say the limited buildout to the meet point is the
9 financial responsibility of each party.

10 Do you see that?

11 MR. GRIECO: Yes.

12 MR. EDWARDS: And then on page 65, line
13 four, you say the parties equally share in the
14 capital investment. Do you see that?

15 MR. GRIECO: Yes.

16 MR. EDWARDS: And page 66, line eight, you
17 say there is a sharing of costs, and on line nine
18 you say each company bears its share of the cost.
19 Do you see that?

20 MR. GRIECO: Yes.

21 MR. EDWARDS: My question is, I'm confused
22 about WorldCom's position regarding who pays what

1 for the buildout facilities.

2 MR. GRIECO: WorldCom would pay for its
3 transmission equipment. Verizon would pay for
4 their transmission equipment. WorldCom would pay
5 for the fiber-optic cable they would take from
6 their end of the mid-span to Verizon's under the
7 mid-span, and Verizon would pay to bring their
8 fiber from their end to our end.

9 MR. EDWARDS: And that's regardless of
10 where the meet point is?

11 MR. GRIECO: Are you referring to like a
12 spot in the street halfway in between the two
13 locations?

14 MR. EDWARDS: No, I'm referring to the
15 point where the splice occurs between the
16 facilities, wherever that might be.

17 MR. GRIECO: Typically, the way we have
18 done it in the past with other ILECs is we've
19 brought cable from our facility all the way to
20 Verizon's--or to the other ILEC's facility. We
21 give them enough slack to bring it up into their
22 facility and terminate it into their transmission

1 equipment, and we ask the ILEC to do it the same in
2 the other direction. There is no splice point in
3 the street somewhere in between the locations. It
4 just creates a seamless sign of ring between the
5 two fiber-optic terminals.

6 MR. EDWARDS: Who chooses where the splice
7 point is? There isn't one?

8 MR. GRIECO: Not typically, no.

9 MR. EDWARDS: So, is WorldCom's proposal
10 then different than what you just heard AT&T say
11 with respect to the sharing of costs?

12 MR. GRIECO: Only to the effect that I
13 don't believe we have any true-up language in our
14 contract I'm aware of.

15 MR. EDWARDS: So, the parties don't
16 equally share the capital investment?

17 MR. BALL: I think to the extent our
18 proposal provides that each party is building half
19 of a ring that you wouldn't have the instance where
20 one party is providing more capital than the other
21 party because under our proposal we build all the
22 way from our location to Verizon's location, and

1 Verizon does likewise its ring. So, they're two
2 halves of the ring.

3 MR. EDWARDS: Let me ask to you look at
4 your language on that issue. And do you have the
5 JDPL there or do you have the contract language
6 there?

7 MR. GRIECO: I have the contract.

8 MR. EDWARDS: My reference was to--and on
9 the JDPL, this is page 80, following along, and
10 it's 1.1.5.2.6. And actually, the provision
11 before.

12 And if I understood the contract language,
13 1.1.5.2.5 I think contemplates the scenario I think
14 you were just describing, but 1.1.5.2.6
15 contemplates an alternate scenario where MCI
16 WorldCom designates a common facility handoff point
17 between the network; is that correct?

18 MR. BALL: Yes.

19 MR. EDWARDS: And that common facility
20 handoff point might be anywhere between the
21 facilities; correct?

22 MR. GRIECO: Potentially, yes.

1 MR. EDWARDS: And whenever MCI WorldCom
2 designates that location, it's MCI WorldCom's
3 position that each party on its side of the meet
4 point bears whatever costs are; correct?

5 MR. GRIECO: Yes.

6 MR. EDWARDS: That's all the questions I
7 have for this subpanel.

8 MR. GOYAL: I just have a couple of
9 follow-up questions on this subject of mid-span
10 meets.

11 The first question is for Mr. Talbott.

12 You testified that the local competition
13 order requires ILECs to provide mid-span meet fiber
14 interconnection as a reasonable accommodation of
15 interconnection. I believe that the same paragraph
16 that makes that statement also states that ILECs
17 would be required to build out up to a reasonable
18 point, and I believe that paragraph left state
19 commissions and parties in the position--ILECs to
20 provide mid-span fiber meet point interconnection
21 as a reasonable accommodation of interconnection,
22 and I believe that paragraph also refers to a

1 reasonable limit up to which the ILEC would be
2 required to build out.

3 Does AT&T have an opinion on what that
4 limit should be?

5 MR. TALBOTT: To the extent AT&T is
6 willing to bear one half of the cost of that
7 buildout, that point should not necessarily have to
8 be specified or limited by the Commission. It's in
9 our interests to name a reasonable splice point so
10 that the system can be in effect quickly. If we
11 are going to be unreasonable about where we are
12 asking Verizon to build out, there are going to
13 have to be a lot of issues that have to be
14 resolved, and then it's going to take a lot longer
15 for the system to be put in place. So, it's in our
16 interest to name it, and because we've agreed in
17 advance to one half, it would not be in our
18 interests to name a splice point that would cause
19 Verizon to have excessive construction costs
20 because we are going to have to bear half of that.

21 MR. GOYAL: Could I ask WorldCom to
22 respond to the same question.

1 MR. GRIECO: Could you rephrase it?

2 MR. GOYAL: The question is about the
3 extent to which ILECs are required to build out
4 their networks as a reasonable accommodation of
5 interconnection.

6 Is there a reasonable limit up to which
7 they should build out, which they should be
8 required to build out, and what is that limit?

9 MR. BALL: Well, in terms of the mid-span
10 fiber meet approach that we are taking with the
11 jointly provisioned rings, I think as a general
12 matter we are kind of in agreement with AT&T that
13 since we both have an equal financial stake, that
14 that will act as a check on avoiding unreasonable
15 network demands and buildouts.

16 I would also point out that to the extent
17 most of our networks are in the denser areas where
18 both Verizon and the CLECs have a lot of fiber in
19 the ground already, our experience has been that
20 these types of arrangements are actually relatively
21 simple to implement.

22 So, I don't think we have any--we don't

1 feel there is any need to put a bound to the extent
2 that the proposals that have been--the way we've
3 raised the issue in the arbitration.

4 MR. GOYAL: That's all.

5 MR. DYGERT: Okay, I think at this point
6 we should call up the Verizon witnesses to at least
7 begin their cross before lunch.

8 MS. KELLEY: Before we do that, will we
9 have an opportunity for redirect of these witnesses
10 if we just want to clear something up?

11 MR. DYGERT: Yes. What we thought we
12 would do is have staff--once the cross of Verizon's
13 witnesses is complete, we hopefully will have
14 everyone up there together to the extent that the
15 space permits it, and have staff ask their
16 questions then. And after that the parties can
17 bring anything up on redirect.

18 So, thank you very much.

19 (Off the record.)

20 MR. DYGERT: I thought it was earlier than
21 it is. Should we just break for lunch now? Maybe
22 an hour for lunch? Okay. See you back at 1:15

1 then.

2 (Whereupon, at 12:16 p.m., the hearing
3 was adjourned until 1:15 p.m., the same day.)
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